

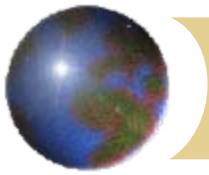
Which transition for agriculture in Africa?

Some insights from the RuralStruc program

2nd European Forum on Sustainable Rural Development in
Africa, Berlin – June 18-21, 2007

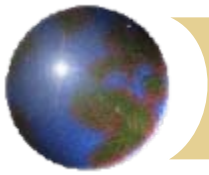
Bruno LOSCH





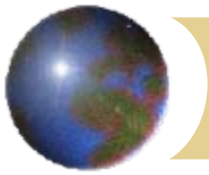
RuralStruc in a few words

- Background
 - *a collaboration between French Cooperation and the WB*
 - *joined by IFAD for the second phase of the program*
- A comparative program with 7 countries launched in April 2006
- A comparison of the processes of change in the context of an increasing economic integration
- A knowledge sharing process implemented with local teams to better feed the policy debate
- A two-phase work:
 - *global overview of the countries' situation (desk reviews)*
 - *case studies with regional field surveys*



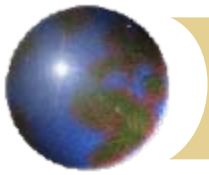
The core issues

- Go beyond the trade liberalization debate
 - Understand the consequences of the global restructuring of the agro-food markets on agriculture and rural economies
 - Rearticulate the evolution within agriculture with the global processes of economic transition in developing countries
 - *with a specific focus on the agriculture-based countries and particularly LDCs, SSA and ACP*
 - Fill the knowledge gap on the concrete situation of the rural economies
 - *a consequence of the deterioration of the statistical systems and information base in SSA*
- => *“a better understanding for better policy making”*



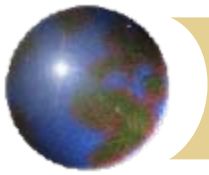
The 3 hypotheses of the program

- The restructuring of agro-food markets reinforce a **process of differentiation and segmentation** within agricultural economies
- Marginalization trends introduced by these processes lead to **risks of transitional dead-ends** linked to the relative scarcity of alternative activities (and sources of employment)
- Agricultural households are adapting to this new context by adopting **composite strategies** of activities and income that are reshaping the physiognomy of rural economies



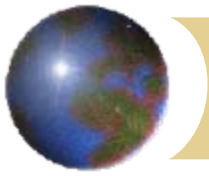
A crucial need for reinvesting the “transition debate”

- Agriculture-based countries today face an original challenge of transition
- There is no possible comparison with the old European economic transition of the 19th and early 20th centuries
 - *a different geopolitical order which heavily changes the competition context*
 - *a need to remind the adjustment variable of the “white migrations” : around 60 millions people between 1850 and 1920*
- The transition of the emerging countries started before the liberalization era
 - *based on strong public policies of “modernization” with protection and subsidies*
 - *encouraged by the Cold war context*
 - *and with often authoritarian regimes*



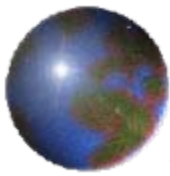
A crucial need for reinvesting the “transition debate”(2)

- Agriculture based low income countries are confronted to huge productivity and competitiveness gaps
 - *these gaps are adverse to their competitive insertion in the world economy*
 - *there is a risk of marginalization*
- They are confronted to the “new agriculture” resulting from the restructuring of the international agro-food system
 - *vertical integration of commodity chains and “horizontal” integration through the new distribution systems (supermarkets revolution)*
 - *demand-driven markets characterized by segmentation processes based on norms and standards*
 - *new rules of the game: opportunities for a few and constraints for the many*

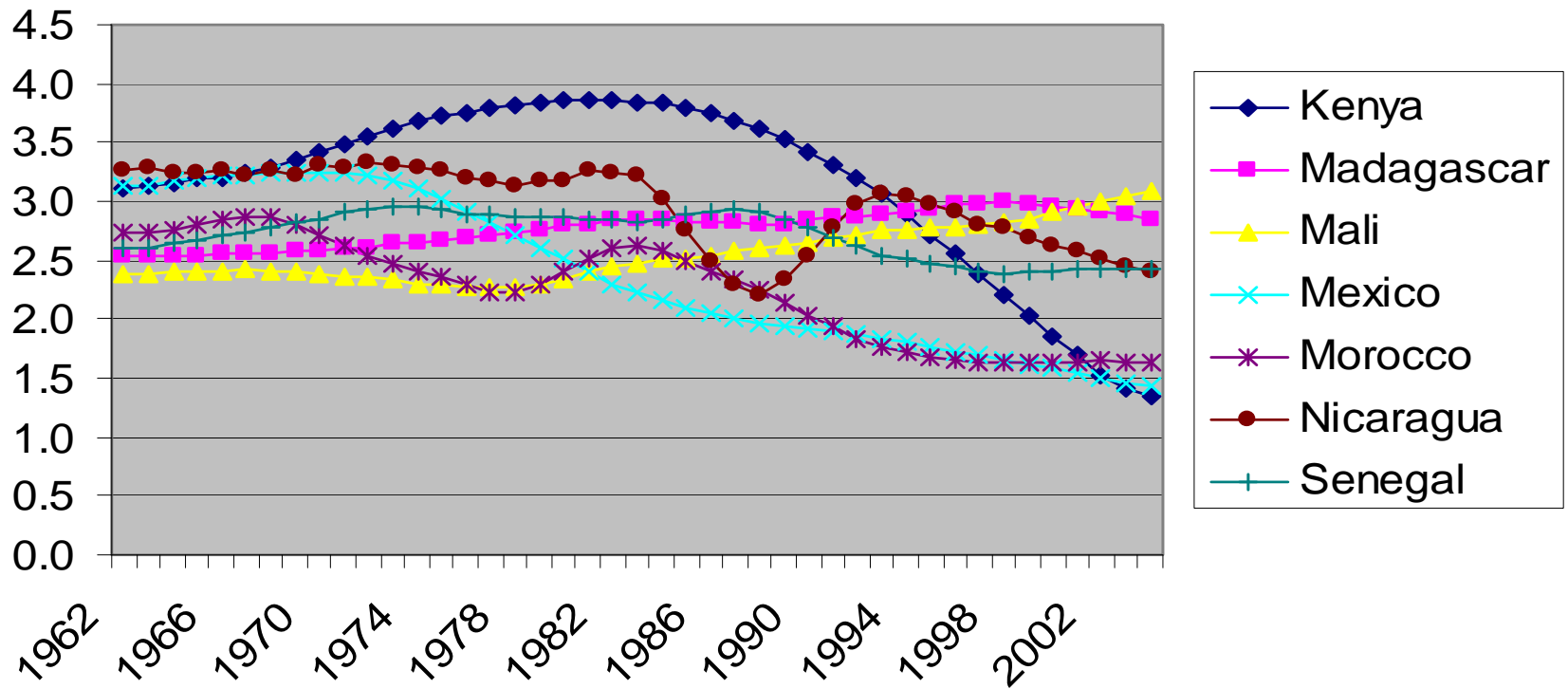


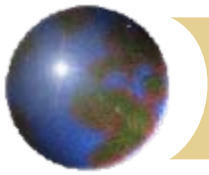
The very specific challenge of SSA

- An unachieved demographic transition with high population growth rates
 - *2 to 3.2%/year and very few exceptions*
 - *The 720 millions SSA Africans will be 1.1 billion in 2025*



Demographic Transition





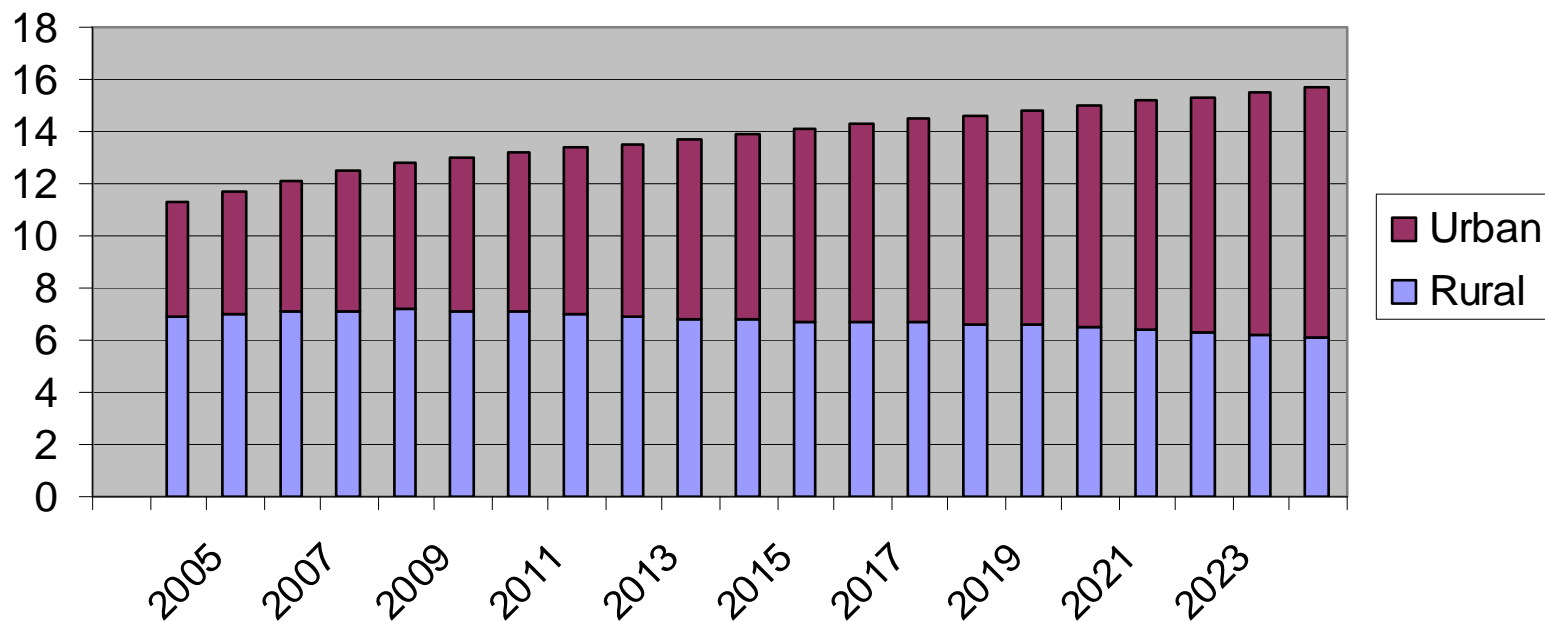
The very specific challenge of SSA

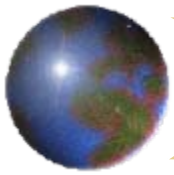
- An unachieved demographic transition with high population growth rates
 - *2 to 3.2%/year and very few exceptions*
 - *The 720 millions SSA Africans will be 1.1 billion in 2025*
 - ***Yearly cohorts of young people looking for employment activities are:***
 - around 15 millions in SSA
 - 200 to 300,000 for a medium size African country



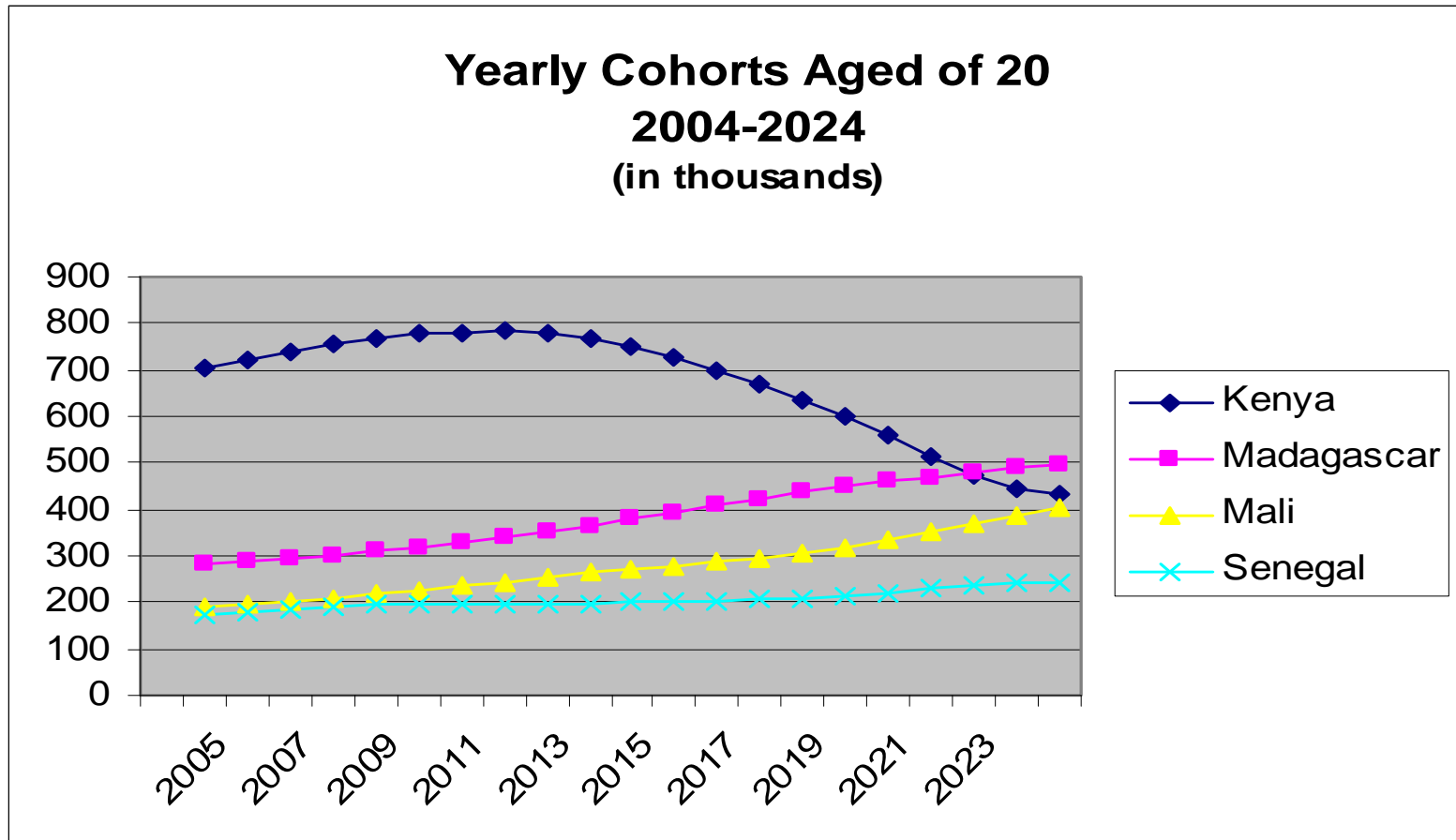
Sub-Saharan Africa: Yearly Cohorts Aged of 20 2004-2024

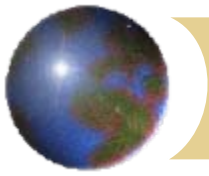
(except South Africa, in millions)





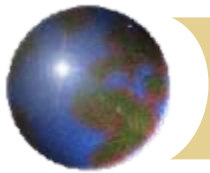
The push of younger generations



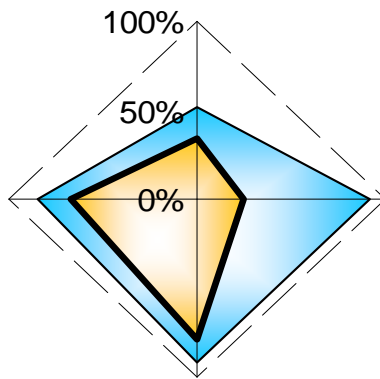


The very specific challenge of SSA (2)

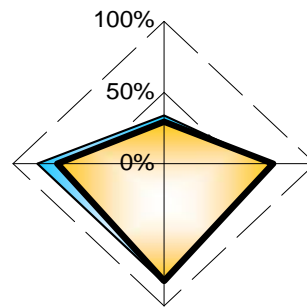
- The core issue: the absorption capacity of the economy
- Agriculture keeps a central role:
 - *in GDP, trade and labor force*
 - *60% in average of the EAP in agriculture (70 to 80% in Sahelian countries)*



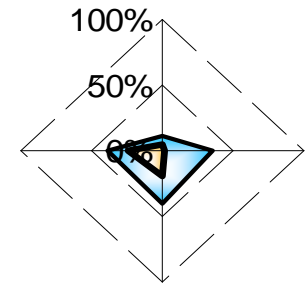
Mali



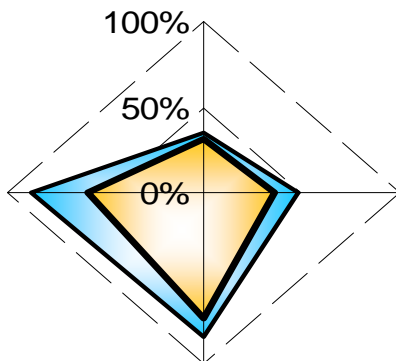
Madagascar



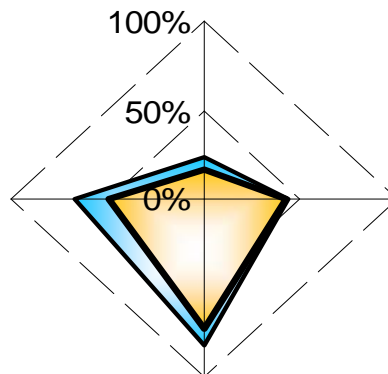
Mexique



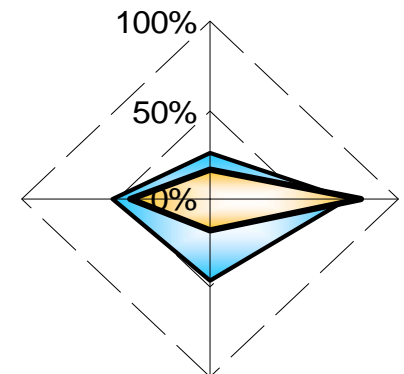
Kenya

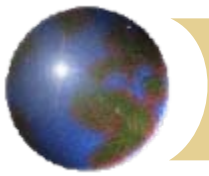


Sénégál

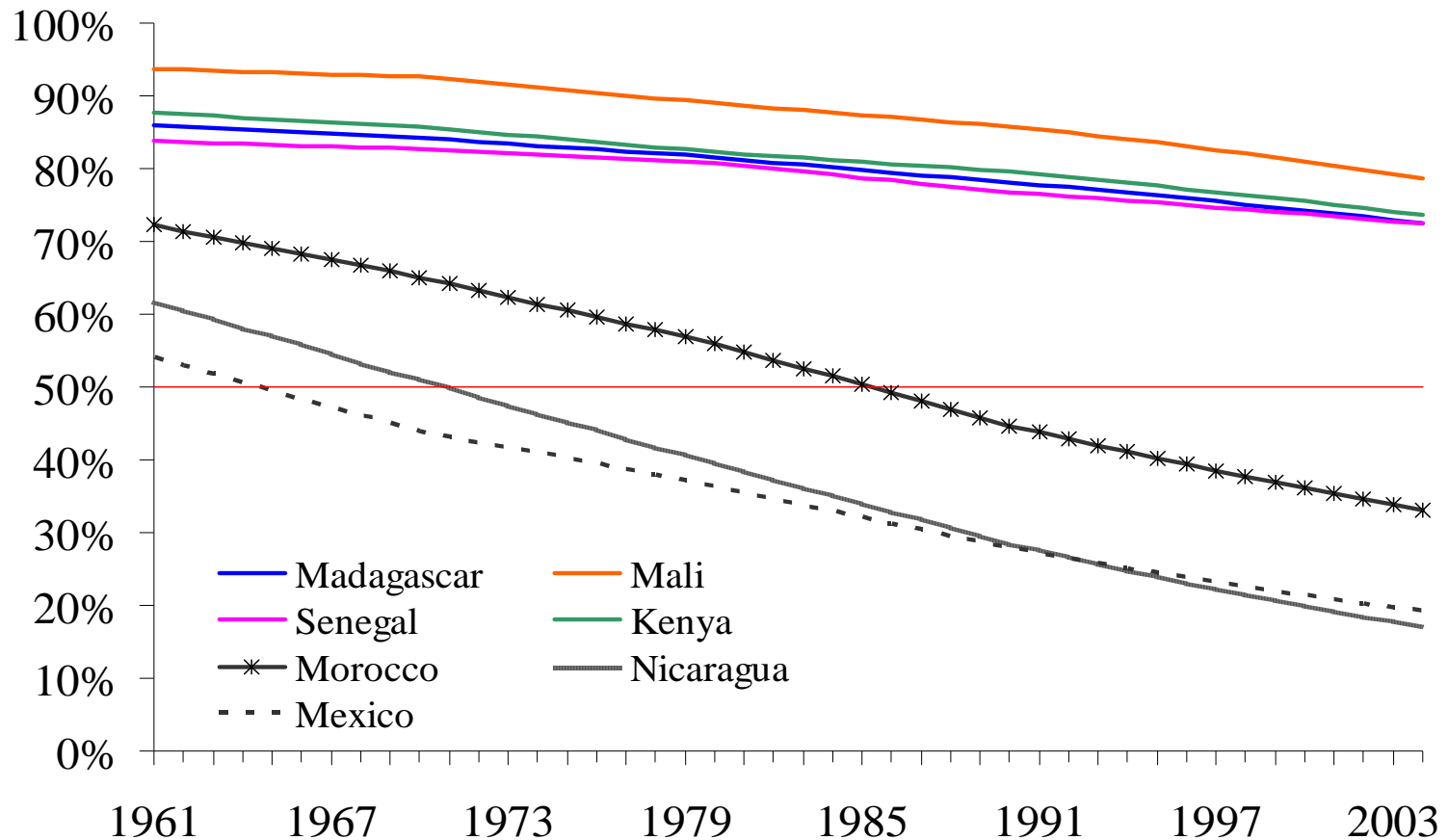


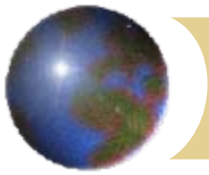
Nicaragua





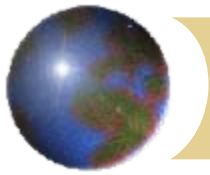
Share of agriculture in the EAP



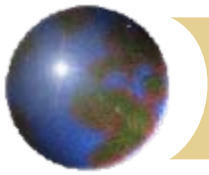


The very specific challenge of SSA (2)

- The core issue: the absorption capacity of the economy
- Agriculture keeps a central role:
 - *in GDP, trade and labor force*
 - *60% in average of the EAP in agriculture (70 to 80% in Sahelian countries)*
- **Few economic alternatives:**
 - *The limits of the “new agriculture”: thousands versus millions*
 - E.g. Senegal, Kenya, Madagascar
 - *Other sectors of employment are scarce: ten of 1000 versus hundreds of 1000*
 - E.g. Madagascar
 - *The informal sector is a black box which means underemployment, low productivity, miserable livelihoods with slums dwelling*
 - E.g. the Kenyan HV exports success story and the Kibera slum
- International migrations has an exit option?

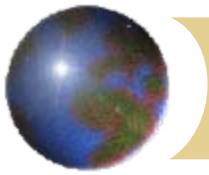


	Migrants (Millions)	Population (Millions)	Migrants / Pop.	Main Destinations
Morocco	2,7	29,9	9%	Europe
Mexico	11,5	104,3	11%	US
Nicaragua	0,7	5,6	12%	Costa Rica; US
Senegal	0,5	11,7	4%	Western Africa
Mali	1,2	11,4	11%	Western Africa
Kenya	0,4	33,4	1%	-
Madagascar	0,2	17,0	1%	-



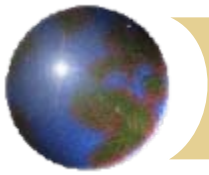
First lessons

- Agriculture will stay the main absorption potential for the next 2 decades
- Avoid the “tri-modal” scenario: those who can compete / those who must “move” / those who should be protected
- Risks of marginalization exist:
 - *A few winners: skills, capital, networks*
 - *Many losers: the viability of many family farms at stake*
 - Access to natural resources: land pressure, fertility
 - Access to inputs
 - Difficult connection to markets



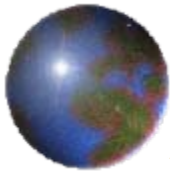
First lessons (2)

- Public policies must deal with the big numbers
 - *they must accompany the majority of family farms by helping their connection to markets*
 - *they must favor structural change and:*
 - help with the provision of public goods
 - support the missing and imperfect markets
 - accompany and strengthen collective action (producers' organizations)



First lessons (3)

- Domestic and regional markets must be a priority
 - *this is not exclusive of specific opportunities which must be encouraged*
 - *they have the highest growth potential (population growth and urbanization)*
 - *they are the most inclusive: accessible, huge distribution effect with consumption linkages fostering diversification*
 - *they release the potential for diversification by counteracting the risks of food access*
 - *they can boost local value-added through transformation and processing and diversify rural activities*



Thanks for your attention